

STATEMENT

US trade policy: Introduction of a provisional anti-dumping duty on imports of German aluminum sheet and strip

The German non-ferrous metal industry demands a rule-based and free trade, which should be based on the WTO rules. We reject protectionist measures that lead to discrimination against some market participants. Instead, we welcome further efforts to support trade between the USA and Europe and to avoid trade disputes. German companies do not produce below market costs and the accusation of dumping is unfounded. The anti-dumping duties imposed are unacceptable. According to U.S. statistics, 91,076 tons with a value of 321 million USD are affected, which represents about 5.5 percent of the total exports of the German aluminum industry.

1. Introduction

The German non-ferrous metal industry has had very good trade relations with the USA for years. On both sides of the Atlantic, the industry is dependent on supplies from the primary industry. Aluminum sheet and strip are used in the USA, for example in the automotive industry. For Germany, the US market is the most important non-European sales market. Especially for the aluminum industry, the US market is of enormous importance. Outside China, Europe and the USA are the two largest markets for rolled aluminum products.

In recent years, the good relations between the US and the EU have been severely tested by interventions in trade policy:

- Starting with the penal duties on aluminum imports and the justification that the imports endanger national security;
- followed by US sanctions against Rusal, which almost brought the entire European supply of alumina to a standstill;
- further with duties on various non-ferrous metals such as copper and nickel as part of the Airbus-Boeing subsidy comparison;
- and finally, provisional anti-dumping duties against certain imports of aluminum

In March 2020, anti-dumping (AD) and countervailing duties (CV) were filed with the U.S. International Trade Commission against several countries. Among them is Germany. The temporary anti-dumping duties have been in force against German imports since 15 October 2020 and range from 51.18 to 352.71 percent. Customs duties have also been levied against other EU countries such as Italy, Spain, and Greece. The investigation was based on the US calculation method, which is based on a basket of influencing factors. The extent to which the calculation is valid cannot currently be assessed. However, we consider the amount to be at least questionable since the US administration has chosen the highest conceivable tariff rate. The allegation of dumping cannot be substantiated, and the level of the anti-dumping duty is historical and in no way justified.

The customs duties are due immediately and must be deposited by means of a "cash deposit". If the US administration concludes that the provisional payments were wrongly made, the duties will be refunded.

2. Figures and facts

US import statistics

As far as export figures are concerned, it should first be mentioned that some commodity tariff numbers in the USA and in Germany differ. This is due to the specifications that are applied on the different continents. The AD duties are temporarily payable on the following US commodity code:

US numbers

7606113060, 7606116000, 7606123090, 7606126000, 7606913090, 7606913095, 7606916080, 7606916095, 7606923035, 7606923090, 7606926080 und 7606926095

According to US statistics and our own calculations, we arrive at 92,076 tons and a goods value of 322 million USD, which were imported into the USA by Germany in 2019. This corresponds to 5.5 per cent of the total exports of the German aluminum industry.

US-Import from Germany 2019		
	Customs Value US-\$	metric tons
7606113060 Alum Plt Sht Strp Rec/sq Nal Nt Cl Ov.2-6.3mm Thk	21,051,399	5,180
7606116000 Alum Plt Sht Strp Rec O Sqr Nt Aly Clad Ov .2mm Th	552,145	59
7606123090 Al Pl Sh A St Re Sq Nt Cld 6.3MM Ol Thk Nesoi	249,206,923	72,729
7606126000 Al Pla She A Str Rec In Sq Alloy Clad Ov 0.2MM Thk	30,100,277	7,628
7606913090 Al P S S Nesoi Nt Alyd Nt Cld Thcknss 6.3MM O Less	10,660,289	3,589
7606913095 Alum Pltes, Shts/strp,nt Rec/alyed/cld, 6.3MM/LESS	531,583	114
7606916080 Alum Pl Sh Str Nt Alyd Clad 6.3MM Or Ls Thck Nesoi	99,593	13
7606916095 Alum Plts, Shts Strp,nt Rec,nt Aly,cl Thk 6.3MM/LS		0
7606923035 Aluminum Alloys Nt Clad, Thickness 6.3MM Or Less	4,347,397	1,298
7606923090 Al P S S Nesoi Aloy Nt Cld 6.3MM Or Less Thick	4,589,458	1,366
7606926080 Alm Al P S S Oth Nesoi Cld Ov 0.2MM-UN 6.3MM Thck	403,320	49
7606926095 Aluminum Alloys, Clad, Thickness 6.3 mm Or Less	124,744	50
Sum	321,667,128	92,076

Source: United States Census Bureau; own calculations

German export statistics

In Germany, further aluminum products fall below the named commodity code, so that the export figures are increasing in comparison. In Germany, the following numbers are affected:

German numbers

76061110, 76061191, 76061193, 76061199, 76061211, 76061219, 76061220, 76061292, 76061293, 76061299, 76069100 und 76069200

The German figures show an export performance in 2019 of 109,320 tons with a value of goods of 354 million EUR. The US value of these imports amounted to 396 million EUR, which is higher than the price in euros. The percentage of German exports in the aluminum industry worldwide that was affected by the crisis was 6.53 percent. We estimate this value to be particularly high and it shows impressively how important the US market is for the German aluminum industry.

3. Position of the German non-ferrous metal industry

Fair trade and level-playing field

As a member of the WTO, Germany adheres to the rules of fair and free trade. In recent years, we have seen increasingly distorted market prices, especially in Asia. This has also prompted Europe to consolidate and improve its anti-dumping instruments. WVMetalle welcomes this as the voice of the German non-ferrous metal industry.

The hope is that this will create a level playing field on the international market for semi-finished and intermediate products. At this point we have always cooperated with the US-side and fought against dumping. The US industry is not suspected in Germany of subsidizing its products or dumping. Therefore, we are surprised by this approach. In Europe, there is no anti-dumping procedure in force against the USA for aluminum imports, but only against Asian suppliers. This fact impressively documents the above-mentioned statements.

The German non-ferrous metal industry calculates its prices based on the LME quotations. A further argument against the accusation of dumping is that our labor and energy costs in Germany are higher than in the USA. On average, labor costs per hour in Germany are 41 EUR and those in the USA are 33.50 EUR. Electricity prices, for example, which are particularly relevant to produce semi-finished aluminum products, average between 100 and 160 EUR per MWh in Germany, but only 50 - 60 EUR per MWh on average in the USA.

We reject the allegation of dumping at this point. Because German non-ferrous metal companies comply with laws and orient themselves to market prices. Unlike China, it might not even be possible to market products below cost in Germany because, unlike in China, the resulting losses are not compensated by government agencies.

Rather, we demand from our American friends that Europe and the USA jointly stand up for fair trade conditions and create a level playing field around raw material procurement. If the USA and Europe do not cooperate closely at this point, the opportunity to create a counterweight in aluminum production vis-à-vis Asia will be lost.

Transatlantic Partnership instead of Dividing

The U.S. and EU should not divide but return to a fruitful transatlantic partnership. This had existed for years and was the foundation for prosperity and growth. By sharing the same values and ideas about how to do business, long-term supplier relationships have been formed that benefit from each other. There is a clear appeal from WVMetalle to strengthen this transatlantic partnership in the future and to attach great importance to its existence.

Metal supply and demolition of supply chains

The value chains between the USA and Germany are still intact. They function through mutual trust in performance and delivery capability. Anti-dumping duties could worsen this ability to deliver and make products in the USA more expensive. Even the penal duties on aluminum from Europe, which were introduced in 2018, caused a price increase of 5 - 7 percent.

In our opinion, an anti-dumping duty on the important products of product group 7606 would have similar effects. The automotive industry cannot afford price increases in the current times. Here, too, the competitors of the future are not to be found in Europe, but in Asia. In our opinion, an alliance for fair and free trade, which takes place jointly under the umbrella of the WTO, would be the most effective solution to counter market distortions.

In addition, the supply chains of the aluminum industry are sensitive to external events. This was demonstrated not least by the US sanctions against Rusal. These almost brought the supply of alumina to a standstill. AD duties can also have a negative effect on the supply of aluminum.

No anti-dumping duties

We forcefully recommend that the German government and the European Commission vehemently oppose the imposition of AD duties on aluminum imports from Germany. The European aluminum industry is under increasing pressure from Chinese imports at dumping prices.

According to our information, the companies concerned have cooperated with the USA and provided information on costs. We would have liked to concretize the accusation of misleading the process. It is not reasonable to impose a duty rate of 352.71 percent.

Pragmatic approach

We call on politics to find pragmatic solutions. This is about finding a way to enable German aluminum companies to continue to conduct trade transactions with the USA in commodity tariff class 7606. Such high customs duties cannot be priced in economically, especially the height is very irritating. In the past, comparable tariffs were only imposed on states with which a democratic Germany does not compare itself. In the end, the tariffs deny German companies market access in the USA, even though companies in the German non-ferrous metal industry play by the rules. We ask for political support at this point.

CLAIMS ON THE SUBJECT OF ANTI-DUMPING DUTIES

No unilateral anti-dumping duties: Germany and Europe must work to ensure that the U.S. administration will refrain German producer from AD duties. Because they are without any basis and are disproportionate. Moreover, they jeopardize Germany as a production location since these products account for about 5.5 percent of the total exports of the aluminum industry.

Pragmatic approach: Politicians should find pragmatic and quick solutions. A process like the one used for US sanctions would be unreasonable and would mean planning uncertainty.

Return to the transatlantic partnership: Germany and the EU Commission must do everything possible to stabilize transatlantic relations. Constant disruptive fires in trade policy adversely affect the business of our companies and weaken both partners vis-à-vis China.

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